

Market Analysis - July 22, 2004

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Last week corn ended down about a nickel in an uneventful week. Good weather and lack of bullish news from the USDA allowed the market to drift lower. There was a plethora of numbers last week but there were no surprises. Unless some fresh news comes in there was a distinct feeling that upside moves will be limited. Corn started this week slightly down due to Monday’s crop report showing a 2% improvement in the good to excellent ratings but Tuesday’s activities brought the market down – due to heavy fund selling (10,000 contracts) tied to weather and bearish technical indicators. Importantly the December futures broke through its bearish resistance plan – a big psychological move perhaps because one DTN analyst suggested that we could be looking at a 10.7 to 11.0 billion-bushel crop this year. Weekly export numbers on Thursday did little to support the market with new crop sales at 318 thousand tons and old crop at 357 thousand. There is strong opinion that fund selling will continue going forward. So, perhaps now is a good time to hedge. Soybean trade was active last week – August beans finishing a dollar down. Cash basis levels also retreated swiftly from the high levels that were seen at the start of the month. All week long, up until Thursday we have seen a gradual drop in soybean futures due mainly to fund selling. It was “ideal” weather conditions that prompted that move but somehow the cash market moved upwards – firming up basis levels. Wednesday was another fund offloading day and November was trimmed by 35 cents and August almost 18. The cash market couldn’t hold up its opposing move and finally farmers flocked out to market and started selling beans driving prices down. On Thursday we saw a turn in fortune when friendly export numbers were revealed. The number came in above expectations at 111 thousand tons of old crop sales and 8 thousand new crop. The weather continues to be viewed as favorable and consequently takes the wind out of the bull’s sales. Wheat moved sideways to lower last week despite the monthly USDA report being fairly bullish and on Tuesday of this week wheat continued to move even lower despite a further round of good news (crop condition reports suggesting good to excellent categories running behind pace). On Wednesday wheat moved further down with traders selling on disappointing news that Egypt decided to buy French wheat providing evidence that the world wheat market continues to become even more competitive. Weekly sales numbers came in at 428 thousand tons – above expectations but again, we did not see a turn in the market. This negativity can’t go on and on, the trend has to turn eventually if good news keeps coming. The funds might be the ones to start the switch. The trend can only be your friend for so long!

BASIS TABLE

LOCATION	CORN BASIS		SOYBEAN BASIS		WHEAT BASIS	
	CASH (Aug04)	NEW (Dec04)	CASH (Aug04)	NEW(Nov04)	CASH(Sep04)	NEW(Jul05)
Western MD	+91	n/a	n/a	n/a	-16	n/a
Central MD	+16	-9	n/a	-35	EVEN	n/a
Southern MD	+20	-5	n/a	-25	-45	n/a
Upper E. Sh	+25	+8	n/a	-25	-21	n/a
Lower E. Sh	+35	+13	n/a	-16	-30	n/a

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

Rain fell throughout the state this week with some areas receiving over 10” in a single day. There were 4.5 days suitable for fieldwork for the week ending July 18, 2004. The slightly lower air temperatures and much needed rain allowed for better growing condition for stressed crops. The rain deterred farmers from baling hay as it was unable to dry between rain showers. Rain did aid the corn and soybeans with corn at 90 percent tasseled compared to 67 percent last week. Soybeans were 50 percent bloomed compared to 17 percent the previous week. About 19 percent of soybeans were setting pods, compared to a five year average of only 4 percent. . Topsoil moisture was 1 percent very short, 18 percent short, 60 percent adequate and 21 percent surplus.

CASH GRAINS - REGIONAL - (\$/bu)DEALERS AVERAGE CASH QUOTES

Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
	7/14	7/21	7/14	7/21	7/14	7/21	7/14	7/21
Western Md	3.21	3.17	8.60	7.57	3.13	3.08	2.23	2.38
Central MD	2.94	2.87	8.81	8.67	3.43	3.24	1.98	2.15
Southern MD	2.67	2.46	8.61	7.88	3.05	2.79	1.70	1.70
Upper E. Shore	2.72	2.51	8.66	7.93	3.18	3.03	1.80	1.80
Lower E. Shore	2.82	2.61	8.70	7.97	3.24	3.07	1.81	1.81

Soybean Meal	Lower Eastern Shore		Dealer’s Average Cash Quotes (\$/ton)		
Date	7/14	7/21	Date	7/14	7/21
48% Soybean Meal	346.00	N/A	44% Soybean Meal	334.00	N/A

FORWARD CONTRACT PRICE-REGIONAL (\$/BU) for Harvest delivery Dealer’s Avg Quotes

Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
	7/14	7/21	7/14	7/21	7/14	7/21	7/14	7/21
Western Md	----	----	----	----	----	----	----	----
Central MD	2.56	2.44	6.20	5.77	----	----	----	----
Southern MD	2.49	2.30	6.43	5.87	----	----	----	----
Upper E Shore	2.62	2.43	6.43	5.87	----	----	----	----
Lower E Shore	2.67	2.48	6.52	5.96	----	----	----	----

GRAIN FUTURES- Chicago Board of Trade (\$/bu) Settle - Jul 21, 2002

Corn		Soybeans		Wheat		Soybean Meal ¹	
Sep	226.25	Aug	707.50	Sep	324.00	Aug	237.80
Dec	234.50	Sep	626.75	Dec	337.50	Sep	213.80
Mr05	242.75	Nov	612.00	Mr05	348.25	Oct	192.80
May	248.50	Ja05	620.50	May	351.00	Dec	189.80
Jul	252.75	Mar	625.00	Jul	354.25	Ja05	191.30
Sep	255.25	May	628.50	Sep	358.00	Mar	193.00

¹ \$/ton

HAY AND STRAW											
New Holland, PA - \$/ton - Jul 19, 2004 - 61 Loads											
Alfalfa		Mixed		Timothy		Orchardgrass		Straw			
80.00-180.00		70.00-200.00		55.00-195.00		55.00-105.00		85.00-157.00			
Westminster, MD - \$/bale - Jul 20, 2004 - 107 Lots											
Alfalfa		Alfalfa Mix		Timothy		Timothy Mix		Grass Mix			
1.60-4.50		3.10-4.60		2.20-3.90		1.00-1.80		1.10-4.90			
								1.50-2.80			
								1.60-1.80			
POULTRY (Grade A) - Week Ending Jul 24, 2004											
				<u>Current Week</u>		<u>Week Ago</u>		<u>Month Ago</u>			
NY Wtd Avg. (Fryers)				83.33		83.15		83.36			
12 City Composite				82.26		83.79		81.52			
								59.02			
								64.11			
LAMBS - Westminster, MD - \$/cwt - Jul 20, 2004											
40- 50 lbs		75.00-106.00		Sheep							
60- 70 lbs		75.00-112.50				75-100 lbs		65.00-89.00			
80- 90 lbs		75.00-115.00				105-200 lbs		21.00-57.00			
100-110 lbs		94.00-112.50				205-300 lbs		14.00-48.00			
120-130 lbs		70.00-100.00									
TERMINAL MARKETS HOGS - Jul 22, 2004					DIRECT MARKET HOGS - Westminster, MD - Jul 20, 2004						
Base Price Range (\$/cwt)		Carcass Basis		Sows (1-3)	U.S. #1		263-272 lbs		42.50-55.75		
a.m.		Base 185 lb Hog		300-449 lbs	Sows				42.00-50.50		
Iowa, Minn		68.25-79.50		40.19-54.46		Millsboro, DE Market Hogs - (\$/cwt) -		\$ 50.00-51.50			
Eastern Cornbelt		71.00-76.28		42.00-57.44							
FEEDER PIGS - (\$/cwt) -											
Gumboro, DE - Jul 21, 2004					New Holland, PA - Jul 21, 2004 -						
Head: 393		Trend: None		50-59 lbs	Head: 180		Trend: All slaughter				
under 30 lbs		50.00-155.00									
30-39 lbs		54.00-134.00									
40-49 lbs		54.00-100.00									
CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - Jul 21, 2004					HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - Jul 21, 2004						
Aug	85.25	Fb05	89.30	Aug	74.00	Fb05	61.40				
Oct	87.12	Apr	87.37	Oct	64.47	Apr	61.35				
Dec	87.92	Jun	82.00	Dec	60.95	May	62.47				
STOCKER-FEEDER CATTLE - (\$/cwt)											
Winchester, VA - Jul 19, 2004					Westminster, MD - Jul 20, 2004						
Steers	300-400 lbs		114.00-116.00		Steers (M&L)	300-400 lbs		98.00-106.00			
	400-500 lbs		115.50-126.00			600-700 lbs		67.50- 87.00			
	500-600 lbs		106.00-114.00			200-300 lbs		88.00-103.00			
	600-700 lbs		95.00-108.00		Heifers	400-500 lbs		74.00-108.00			
Heifers	300- 400 lbs		110.00-119.00			700-800 lbs		69.00- 75.50			
	400- 500 lbs		112.50-115.00								
	500- 600 lbs		105.50-109.50		Returned to farm						
	600- 700 lbs		96.00-100.50		Holstein Bull Calves		80- 90 lbs		125.50-145.00		
					95-100 lbs						
					105-115 lbs						
					120.00-160.00						
					10.00- 50.00						
					185.00-375.00						
Lancaster, New Holland & Vintage - Week Ending - Jul 24, 2004											
Bull, Holstein		90-120 lbs		117.00-154.00	Plainer		90-120 lbs		127.00-150.00		
Heifers, Hols		90-120 lbs		450.00-575.00	Plainer		90-120 lbs		300.00-375.00		
SLAUGHTER CATTLE (\$/cwt)											
Westminster, MD - Jul 20, 2004											
Fed Steers					Fed Heifers						
H-Ch				82.50-85.25	Select				65.00- 72.50		
Ch				78.50-82.00	Heiferette				52.25- 64.75		
Select				70.25-82.00	Calves				50.00-100.00		
Cows					Slaughter						
Breakers				48.50-54.00							
Boners				41.25-48.00							
Thin & Slow				40.00-DOWN							
Lancaster, New Holland & Vintage - Week Ending - Jul 24, 2004											
Steers, Ch 2-3				1150-1480 lbs	83.00-86.85	\$1 - \$3 higher					
Cows, Breakers 75-80 pct lean					54.75-58.50	\$1 - \$2 lower					
Bulls, YG 1				1180-2140 lbs	61.50-69.75	Firm - \$1 higher					

For more information about this report, call 410-841-5740 or write:

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